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BMTI INVESTORS' MARKET SPOTLIGHT

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BMTI provides a daily report of broker views, market news and trend analyses on all sectors of the international dry bulk shipping market. Our reports are drawn from a global network of independent correspondents, agencies and BMTI subscribers themselves.

DRY BULK MARKET HIGHLIGHTS

Capes make a decisive departure from the rest of the market, rocketing upward on strong Pacific demand and firmer order flows in the Atlantic. The BCI leaps by full 19% in the week while the rest of the indices hold level or turn slight negatives. Pacific rounds are rapidly marked up before the weekend as BHP raids the market, taking the 175,000 dwt "Chou Shan" (2005) open Shanghai 14-20 April at US\$ 132,500, the 176,000 dwt "Bulk China" (2005), also open Shanghai, 14-16 April at US\$ 144,000 daily and finally the 176,000 dwt "Ocean Cygnus" (2006) open Qingdao at the rate of US\$ 145,000, an upgrade of US\$ 35,000 over 48 hours.

Panamaxes haven't yet recovered from Easter as rate trends meander up and down on a daily basis. Certainly the ongoing farmers strike in Argentina is dampening grain ex-shipments from the Americas and, armed with a real-life event on which to focus, area charterers are having some success in talking the market down with no clear basis for the second quarter Atlantic grain trade—yet. After a lackluster week, there arrive some positive signs on Thursday with the success of Capes trickling down to Panamax stems. Spot and short period cover as usual expose some big differentials with close to US\$ 80,000 daily paid for 6-8 months trading yet rounds are closer to US\$ 70,000 daily—though front haul more closely matches short period rates.

Uncertainty in mid-Atlantic grain trades and some downgrading in Pacific round voyages have also taken a slight toll on Handy rates, though no huge cuts are made and the prospect of new demand lingers just around the corner, nurturing owner hopes. Scrap runs from the USEC and Continent to the eastern Med are to a certain extent holding the plot together, but even here levels are slipping with an early 1980s-built, 36,000 dwt vessel open in the Baltic dropping its fixing levels from the rate of US\$ 56,000 to US\$ 53,000 daily overnight.

INVESTMENT REVIEW

The foreshortened week becomes cautiously bullish for both shares and futures with nearly all NASDAQ-listers rising 2-8% and FFA levels for Q2, after slipping on Tuesday, gaining decisively in the last four days with FIS' Cape rating for Q2 up by a chunky US\$ 10,000 from Monday to US\$ 139,000.

Oslo stock exchange index, OSEAX, rose on Wednesday due largely to gains in dry-bulk operators Golden Ocean and Jinhui, which rose by 4.6% and 2.6%, respectively. STX Pan Ocean, listed on the Singapore and Korea stock exchanges and one of the world's largest bulk operators, is projecting a 500% year-on-year jump in quarterly profit at US\$ 300m.

Extensive daily reports that include trend curves, Atlantic/Pacific regional commentary, holiday tables, bunker reports, futures, fixtures, special reports and much more are available by subscription from BMTI.

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